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Financing of the United Nations Transitional Administration in East Timor

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions draws the attention of the Fifth Committee to the letter dated 5 May 2000, from the Controller addressed to the Chairman of the Advisory Committee on the financing of the United Nations Transitional Administration in East Timor (UNTAET) (see annex). During its consideration of the matter contained in the letter, the Advisory Committee met with representatives of the Secretary-General who provided additional information.

2. The Committee recalls that, in paragraph 43 of its report on UNTAET (A/54/804 of 17 March 2000), it recommended that the Secretary-General submit the budget for the Mission for the period from 1 July 2000 to 30 June 2001, taking fully into account the results of the review referred to in the report of the Secretary-General to the Security Council (S/2000/53, para. 28). That review would reassess the requirements of UNTAET in view of possible future reductions in the size of the military component of UNTAET, if the security situation in UNTAET were to improve. In addition, the Secretary-General was requested to take into account the mission-specific factors, requests, comments and observations of the Committee, indicated in paragraphs 15-16, 20, 22-23, 25, 27, 30, 33, 35 and 37 of its report, and performance experience gained.

3. In paragraph 44 of its report, the Committee also recommended that, if the Secretary-General required additional resources for the maintenance of UNTAET for the period from 1 July 2000 to 30 June 2001, the Secretariat should submit a progress report in May 2000 indicating such additional requirements as may be necessary.

4. The Committee notes from the letter of the Controller that the comprehensive review of the UNTAET requirements commenced during the third week of April is currently ongoing, and that it is expected to be finalized in late June 2000. Pending completion of such review, it is indicated in the letter that the estimated maintenance

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costs set out in the report of the Secretary-General (A/54/769/Add.1) remain valid. Those costs were estimated at $584,138,100 for the 12-month period in question. Furthermore in his letter, the Controller is seeking commitment authority, with assessment, of an amount equivalent to six-months' requirements, or $292,069,000 gross ($282,688,500 net), for the maintenance of UNTAET after 1 July 2000.

5. The Advisory Committee was provided with updated financial information for the Mission, showing that, from the $350 million appropriated by the General Assembly in its resolution 54/246 B of 7 April 2000, for the period from 1 July 1999 to 30 June 2000, expenditures are estimated, as of 15 May 2000, at $225.9 million, as shown below. The resulting unencumbered balance, as at the same date, would therefore amount to $124.1 million.

Cash position (as at 16 May 2000)	*Current expenditure (as at 15 May 2000)*	*Current loans*
$72.4 million	$225.9 million	$10.0 million[a]

[a] From the Peacekeeping Reserve Fund.

6. As regards the status of contributions, the Committee was further informed that, out of a total amount assessed of $350 million, as at 30 April 2000, for the period from 1 July 1999 to 30 June 2000, payments received amount to $132.8 million, leaving an outstanding balance of $217.2 million. Troop reimbursement is planned for the period from February to March 2000 in an amount estimated at $12.6 million to be paid in May 2000.

7. With regard to current staffing incumbency, the Advisory Committee was provided with the following updated information:

Category of personnel	*Authorized*	*Budgeted*	*Encumbered*	*Vacancy rate vs. authorized* (percentage)	*Vacancy rate vs. budgeted* (percentage)
Military contingents	8 950	8 604	8 402	6.1	2.3
Military observers	200	150[a]	193	3.5	(28.7)
Civilian police observers	1 640	1 640	1 158	29.4	29.4
International staff	1 185	830[b]	876[c]	26.1	(5.5)
National Professional officers	13	12[d]	-	100	100
Local staff	1 892	1 608[e]	1 465	22.6	8.9
United Nations Volunteers	486	413[f]	222	54.3	46.2

[a] Based on the projected reduction by 30 June 2000.
[b] Takes into account a 30 per cent vacancy factor.
[c] Includes 188 personnel who are on travel status.
[d] Takes into account a 5 per cent vacancy factor.
[e] Takes into account a 15 per cent vacancy factor.
[f] Takes into account a 15 per cent vacancy factor.

8. The Advisory Committee recommends that, pending submission of the budget for UNTAET for the period from 1 July 2000 to 30 June 2001, which should take into account the review of the Secretary-General mentioned in paragraph 2 above, and the recommendations made by the Committee in paragraph 43 of its report (A/54/804), that the General Assembly authorize commitment authority of $292,069,000 gross ($283,688,500 net). However, taking into account the information provided in paragraph 5 above, regarding the financial performance for the period from 1 July 1999 to 30 June 2000 and the estimated unencumbered balance as of 15 May 2000, the Committee recommends that the General Assembly authorize assessment of an amount of $200 million. The Committee also recommends that the funding be granted without prejudice to recommendations that the Committee might make to the General Assembly in the autumn of 2000, and any decision that the General Assembly might take thereon with regard to budgetary and administrative matters, including posts, concerning UNTAET.

9. In this connection, the Committee further recommends that authority be granted to enter into contractual arrangements with staff for up to one year, in order to avoid disruption in the conduct of UNTAET operations. Staff employed against posts which eventually are not approved would be accommodated against vacancies until the expiry of their contracts, if necessary. The Secretary-General would be allowed to proceed with the redeployment of posts among various offices of the Mission, although the staffing table has not yet been approved for the period from 1 July 2000 to 30 June 2001.

Annex

Letter dated 5 May 2000 from the Controller addressed to the Chairman of the Advisory Committee on Administrative and Budgetary Questions

It will be recalled that at the time that the Advisory Committee considered the Secretary-General's proposed budget for the United Nations Transitional Administration in East Timor (UNTAET) for the period from 1 July 1999 to 30 June 2000 (A/54/769) during its winter session, the Secretary-General had also submitted the proposed budget for UNTAET for the period from 1 July 2000 to 30 June 2001 in the amount of $584,138,100 gross ($567,377,100 net) (A/54/769/Add.1). It will also be recalled that the proposed budget for the 2000/2001 period had been prepared on the basis of the same operational concept, proposed organizational structures, budgetary assumptions for human and non-human resources and costing parameters used in the preparation of the 1999/00 budget. Additional information on adjustments applied to the 2000/01 budget cost parameters was provided in paragraphs 3 and 4 of document A/54/769/Add.1.

In paragraphs 1 to 42 of document A/54/804, the Advisory Committee submitted its detailed report and recommendations to the General Assembly on the Secretary-General's proposed budget for UNTAET for the period from 1 July 1999 to 30 June 2000. However, with regard to the Secretary-General's proposed budget for UNTAET for the period from 1 July 2000 to 30 June 2001, the Advisory Committee, in paragraphs 43 and 44 of its report, stated:

> "43. The Advisory Committee recommends that the Secretariat submit the budget for the mission for the period from 1 July 2000 to 30 June 2001 in September 2000, taking fully into account the results of the review referred to in the report of the Secretary-General to the Security Council (S/2000/53, para. 28) (see also para. 5 above). Moreover, taking into account mission-specific factors as well as the requests, comments and observations of the Committee contained in paragraphs 15, 16, 20, 22, 23, 25, 27, 30, 33, 35 and 37 above, the Committee trusts that during the current period the Secretariat will be able to gain performance experience and estimate more accurately the requirements of the mission for the next financial period.
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> "44. Should the Secretary-General require additional resources for the maintenance of UNTAET for the period from 1 July to the time the General Assembly authorizes the budget for the period from 1 July 2000 to 30 June 2001 (by December 2000), the Advisory Committee recommends that the Secretariat submit a progress report in May 2000 indicating such additional requirements as may be necessary."

In this connection, I wish to inform the Committee that the comprehensive review of the requirements of UNTAET, including the size of its military component, commenced during the third week of April and is currently ongoing. However, the development of any conclusions and consequential recommendations of the Secretary-General to the Council in this regard is not expected to be finalized until some time during late June 2000.

Under the circumstances, until the results of the review of the requirements of UNTAET are completed, the estimated maintenance costs of UNTAET, as set out in

document A/54/769/Add.1, remain valid and consistent with the current situation on the ground.

In view of the foregoing, pursuant to General Assembly resolution 49/233 A of 23 December 1994, I request the Advisory Committee, in the interim, to recommend to the General Assembly a commitment authorization with assessment of an amount in the order of $292,069,000 gross ($283,688,500 net) which is equivalent to six months' requirements (1 July to 31 December 2000) of the 12-month estimate of $584,138,100 gross ($567,377,100 net) for UNTAET proposed by the Secretary-General in document A/54/769/Add.1. In this connection, it would be much appreciated if the Advisory Committee would couch such a recommendation in language similar to that contained in paragraphs 10 and 11 of the Committee's report on the proposed budget for the United Nations Interim Administration in Kosovo (UNMIK) for the 2000/01 period (A/54/842), so as to accord UNTAET maximum operational flexibility.

(*Signed*) Jean-Pierre **Halbwachs**
Assistant Secretary-General, Controller